



MISSOURI DEPARTMENT OF

INSURANCE

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07-01: CERTAIN FILED FORMS EXEMPT FROM PRIOR APPROVAL

To: All Life, Annuity and Stop Loss Insurers

From: Linda Bohrer, Director

Re: Certain Filed Forms Exempt from Prior Approval by the Life & Health Section

Date: July 10, 2007

In an effort to streamline the filing procedures and review of contract forms, the Insurance Market Regulation Division will no longer require the approval of the Life & Health Section for the contract types described in this Bulletin. Missouri law, sections 376.675.4, RSMo and 376.405.4 RSMo, authorizes the Director of Insurance, Financial Institutions and Professional Registration and by the authority of this Bulletin, Director Ommen has granted that exemption for the contract types described below. The forms still must be filed with the department prior to their use and comply with applicable state laws, but the forms will not have approval from the director. The applicable contracts are:

Guarantee Investment Contracts, Guarantee Interest Contracts (GIC) or Funding Agreement: Institutional investment sold by insurance companies that guarantees principal and offers withdrawal flexibility.

Unallocated Group Annuity Contracts (GAC): An annuity contract or group annuity certificate which is not issued to and owned by an individual, except to the extent of any annuity guaranteed to an individual by an insurer under such contract or certificate.

Deposit Administration: Annuity contracts that typically provide for an unallocated fund accumulation for active lives out of which immediate annuities are purchased for individuals at retirement and deferred annuities are purchased for terminated employees with vested benefits.

Health Excess/Stop Loss: An insurance contract which is indemnity coverage issued to an employer, or similar contract holder, maintaining a self-funded health benefit plan to reimburse the employer for large medical expense losses incurred by the employees protected by the plan. The contract may indemnify in excess of specified loss limits for individual claims and/or for all claims combined or any similar arrangement.

Although the forms specified above are exempt from prior approval, insurers are still required to file these forms with the Life & Health Section and will be subject to appropriate regulation. In particular, the Life & Health Section will review those stop loss contracts with low attachment points to determine whether the majority of the risk is being assumed by the stop loss insurer. In those instances where it appears that the contract holder does not bear enough plan risk to consider the plan self-funded, the Life & Health Section may require an actuarial analysis including, but not limited to, the following issues:

1. Why is the maximum specific deductible less than \$20,000 and/or the minimum aggregate attachment point less than 120% of expected claims?
2. What are the maximum and minimum risk retention levels the company will accept per contract?
3. Does the company intend to obtain reinsurance for this plan?
4. If a group has 50 or fewer covered employees, is the attachment point the higher of \$4,000 times the number of covered employees, 120% of expected claims, or \$20,000?
5. A summary of the intended market and marketing plan.

In addition, the Life and Health Section may request the following information to determine whether a GIC or GAC contract has been appropriately labeled and designed:

1. What is the target market for this product (e.g., employer pension plans, institutional investors)?
2. What is the maximum premium or consideration which will be accepted on such a contract?
3. What is the generic description of this contract (e.g. group unallocated annuity contract)?
4. Does the submitted form guarantee annuity payments to individuals on a specified basis?

5. Is this an unallocated annuity contract, i.e., not issued to and owned by an individual (except to the extent of any annuity guaranteed to an individual by such contract or certificate)?
6. Please show compliance with Missouri laws pertaining to risk based capital, reserves, and other financial requirements for your company and this type of contract. What other laws govern this contract (e.g., Internal Revenue Code (IRC), ERISA, state and federal securities laws)?

Any company filing a contract which the department and company agree is appropriately categorized as one of the above referenced contract types, shall receive a "filed for informational purposes only" stamp and the entire filing shall be retained as a public record.

The Insurance Solvency & Company Regulation Division and the chief actuary in the Life & Health Section will give attention to companies issuing such contracts and evaluate company reserves to assure that they are sufficient for contract guarantees as well as coordinate further analysis of the financial statements of companies that offer contracts in Missouri containing credit rating downgrade and similar "bailout" provisions. The Insurance Market Regulation Division will continue to review sales and underwriting practices for these types of contracts in market conduct examinations.

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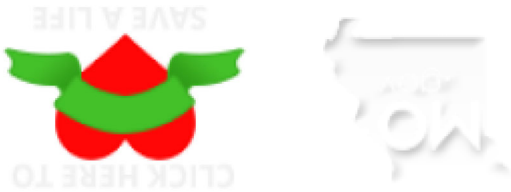
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